

**CITY OF BELLE PLAINE, KANSAS**

**Financial Statements  
December 31, 2009**

**with  
Independent Auditors' Report**

## CITY OF BELLE PLAINE, KANSAS

## Financial Statements

December 31, 2009

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**INDEPENDENT AUDITORS' REPORT**

Mayor and City Council  
City of Belle Plaine, Kansas

We have audited the accompanying financial statements of the individual funds of the City of Belle Plaine, Kansas, as of and for the year ended December 31, 2009, as listed in the table of contents. These financial statements are the responsibility of the management of the City of Belle Plaine, Kansas. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the Kansas Municipal Audit Guide and auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the City's policy is to prepare its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of each of the various funds of the City of Belle Plaine, Kansas, as of December 31, 2009, and the revenues received and expenditures paid of such funds for the year then ended on the basis of accounting described in Note 1.

This report is intended solely for the information and use of the City Council and management of the City of Belle Plaine, Kansas and for filing with the Kansas Department of Administration, Division of Accounts and Reports and should not be used for any other purpose.

October 13, 2010

*Peterson Peterson + Goss LC*

CITY OF BELLE PLAINE, KANSAS  
Summary of Cash Receipts, Expenditures and Unencumbered Cash  
Year Ended December 31, 2009

Funds	Beginning Unencumbered Cash Balance	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances	Ending Cash Balance
Governmental Funds:						
General	\$ 218,636	\$ 492,961	\$ 592,863	\$ 118,734	\$ 9,511	\$ 128,245
Special Revenue Funds:						
Special Highway	61,498	38,796	37,061	63,233	268	63,501
Employee Benefit	79,391	112,013	136,739	54,665	5,638	60,303
Library	1,695	34,423	33,000	3,118		3,118
Capital Improvements	22,724	-	-	22,724		22,724
Sales Tax	150,686	95,686	91,739	154,633		154,633
Capital Improvement Reserve	3,570	111,954	6,768	108,756		108,756
Equipment Reserve	21,000	30,000	3,830	47,170		47,170
EMS Reserve	29,492	1,841	3,205	28,128		28,128
Capital Projects:						
Northview Heights 2nd Addition	9,174	230,000	222,562	16,612	10	16,622
Debt Service:						
Bond and Interest	11,442	17,074	20,390	8,126		8,126
Proprietary Funds:						
Sewer Utility	35,392	312,113	258,189	89,316	1,014	90,330
Wastewater Replacement	8,415	-	-	8,415		8,415
Refuse Utility	39,188	165,490	138,425	66,253	925	67,178
Water Utility	116,670	169,574	257,382	28,862	1,885	30,747
Water Reserve	14,000	-	-	14,000		14,000
Special Projects - Water	24,191	18,117	17,000	25,308		25,308
Fiduciary Funds:						
Designated Contributions	928	-	-	928		928
Fire Insurance Proceeds	27,707	-	27,707	-		-
Customer Deposits	16,096	5,600	5,675	16,021		16,021
Total	<u>\$ 891,895</u>	<u>\$ 1,835,642</u>	<u>\$ 1,852,535</u>	<u>\$ 875,002</u>	<u>\$ 19,251</u>	<u>\$ 894,253</u>
Composition of cash:						
The Valley State Bank:						
Regular checking						\$ 896,801
Payroll clearing						(2,548)
Total cash						<u>\$ 894,253</u>

The notes to the financial statements are an integral part of this statement.

CITY OF BELLE PLAINE, KANSAS  
Summary of Expenditures - Actual and Budget (Budgeted Funds Only)  
Year Ended December 31, 2009

Funds	Certified Budget	Expenditures Chargeable to Current Year	Variance - Favorable (Unfavorable)
Governmental Funds:			
General	\$ 606,088	\$ 592,863	\$ 13,225
Special Revenue Funds:			
Special Highway	61,750	37,061	24,689
Employee Benefit	160,500	136,739	23,761
Library	33,000	33,000	-
Debt Service:			
Bond and Interest	20,390	20,390	-
Proprietary Funds:			
Sewer Utility	308,444	258,189	50,255
Refuse Utility	164,600	138,425	26,175
Water Utility	284,385	257,382	27,003

The notes to the financial statements are an integral part of this statement.

CITY OF BELLE PLAINE, KANSAS  
General Fund  
Statement of Cash Receipts and Expenditures - Actual and Budget  
Year Ended December 31, 2009

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Cash Receipts:			
Taxes and Shared Revenue:			
Ad valorem property tax	\$ 196,383	\$ 197,246	\$ 863
Delinquent tax	-	6,167	6,167
Motor vehicle tax	51,130	58,890	7,760
Liquor tax	1,203	-	(1,203)
Charges for services	12,000	21,173	9,173
Licenses and permits	3,200	3,262	62
Franchise tax	70,000	70,989	989
Fines and forfeitures	35,000	36,628	1,628
Interest	-	14,150	14,150
Ambulance	70,000	68,266	(1,734)
Restitution	-	2,800	2,800
Reimbursements	6,400	8,135	1,735
Other	800	5,255	4,455
Transfer from Water Utility	70,000	-	(70,000)
Total Cash Receipts	<u>516,116</u>	<u>492,961</u>	<u>(23,155)</u>
Expenditures:			
Administration	103,350	78,698	24,652
Police	251,000	230,927	20,073
Emergency management	5,950	5,134	816
EMS	141,890	134,034	7,856
Pool	35,500	37,686	(2,186)
Parks	20,928	11,852	9,076
City Council, zoning, building	2,000	1,655	345
Court	28,670	22,194	6,476
Community building	16,800	15,842	958
Transfer to Capital Improvement Reserve	-	53,000	(53,000)
Transfer to EMS Reserve	-	1,841	(1,841)
Total Expenditures	<u>606,088</u>	<u>592,863</u>	<u>13,225</u>
Receipts Over (Under) Expenditures	(89,972)	(99,902)	(9,930)
Unencumbered Cash, Beginning	<u>89,972</u>	<u>218,636</u>	<u>128,664</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ 118,734</u>	<u>\$ 118,734</u>

The notes to the financial statements are an integral part of this statement.

CITY OF BELLE PLAINE, KANSAS  
Special Highway Fund  
Statement of Cash Receipts and Expenditures - Actual and Budget  
Year Ended December 31, 2009

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Cash Receipts:			
Taxes and Shared Revenue:			
Special city/county highway	\$ 47,290	\$ 38,796	\$ (8,494)
Expenditures:			
Personal services	8,000	8,252	(252)
Contractual	23,950	4,727	19,223
Commodities	18,800	18,278	522
Street repair	11,000	5,804	5,196
Total Expenditures	<u>61,750</u>	<u>37,061</u>	<u>24,689</u>
Receipts Over (Under) Expenditures	(14,460)	1,735	16,195
Unencumbered Cash, Beginning	<u>55,994</u>	<u>61,498</u>	<u>5,504</u>
Unencumbered Cash, Ending	<u>\$ 41,534</u>	<u>\$ 63,233</u>	<u>\$ 21,699</u>

The notes to the financial statements are an integral part of this statement.

CITY OF BELLE PLAINE, KANSAS  
Employee Benefit Fund  
Statement of Cash Receipts and Expenditures - Actual and Budget  
Year Ended December 31, 2009

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Cash Receipts:			
Taxes and Shared Revenue:			
Ad valorem property tax	\$ 91,940	\$ 92,128	\$ 188
Delinquent tax	-	1,883	1,883
Motor vehicle tax	14,008	18,002	3,994
Transfer from Water Utility	40,000	-	(40,000)
Total Cash Receipts	<u>145,948</u>	<u>112,013</u>	<u>(33,935)</u>
Expenditures:			
KPERs, etc.	52,000	41,162	10,838
Health insurance	90,000	80,098	9,902
Insurance	18,500	15,479	3,021
Total Expenditures	<u>160,500</u>	<u>136,739</u>	<u>23,761</u>
Receipts Over (Under) Expenditures	(14,552)	(24,726)	(10,174)
Unencumbered Cash, Beginning	<u>14,552</u>	<u>79,391</u>	<u>64,839</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ 54,665</u>	<u>\$ 54,665</u>

The notes to the financial statements are an integral part of this statement.



CITY OF BELLE PLAINE, KANSAS  
Library Fund  
Statement of Cash Receipts and Expenditures - Actual and Budget  
Year Ended December 31, 2009

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Cash Receipts:			
Taxes and Shared Revenue:			
Ad valorem property tax	\$ 26,210	\$ 26,186	\$ (24)
Delinquent tax	-	736	736
Motor vehicle tax	6,790	7,501	711
Total Cash Receipts	<u>33,000</u>	<u>34,423</u>	<u>1,423</u>
Expenditures:			
Appropriation to Library Board	<u>33,000</u>	<u>33,000</u>	<u>-</u>
Total Expenditures	<u>33,000</u>	<u>33,000</u>	<u>-</u>
Receipts Over (Under) Expenditures	-	1,423	1,423
Unencumbered Cash, Beginning	<u>-</u>	<u>1,695</u>	<u>1,695</u>
Unencumbered Cash, Ending	<u><u>\$ -</u></u>	<u><u>\$ 3,118</u></u>	<u><u>\$ 3,118</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF BELLE PLAINE, KANSAS  
Capital Improvements Fund  
Statement of Cash Receipts and Expenditures - Actual  
Year Ended December 31, 2009

	<u>Actual</u>
Unencumbered Cash, Beginning	<u>\$ 22,724</u>
Unencumbered Cash, Ending	<u><u>\$ 22,724</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF BELLE PLAINE, KANSAS  
Sales Tax Fund  
Statement of Cash Receipts and Expenditures - Actual  
Year Ended December 31, 2009

	<u>Actual</u>
Cash Receipts:	
City sales tax	\$ 95,686
Expenditures:	
Capital outlay - streets	<u>91,739</u>
Receipts Over (Under) Expenditures	3,947
Unencumbered Cash, Beginning	<u>150,686</u>
Unencumbered Cash, Ending	<u><u>\$ 154,633</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF BELLE PLAINE, KANSAS  
Capital Improvement Reserve Fund  
Statement of Cash Receipts and Expenditures - Actual  
Year Ended December 31, 2009

	<u>Actual</u>
Cash Receipts:	
Auction proceeds	\$ 18,954
Transfer from General	53,000
Transfer from Water Utility	40,000
	<u>111,954</u>
 Expenditures:	
Capital outlay	<u>6,768</u>
 Receipts Over (Under) Expenditures	105,186
 Unencumbered Cash, Beginning	<u>3,570</u>
 Unencumbered Cash, Ending	<u><u>\$ 108,756</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF BELLE PLAINE, KANSAS  
Equipment Reserve Fund  
Statement of Cash Receipts and Expenditures - Actual  
Year Ended December 31, 2009

	<u>Actual</u>
Cash Receipts:	
Transfer from Water Utility	\$ 30,000
Expenditures:	
Capital outlay	<u>3,830</u>
Receipts Over (Under) Expenditures	26,170
Unencumbered Cash, Beginning	<u>21,000</u>
Unencumbered Cash, Ending	<u><u>\$ 47,170</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF BELLE PLAINE, KANSAS  
EMS Reserve Fund  
Statement of Cash Receipts and Expenditures - Actual  
Year Ended December 31, 2009

	<u>Actual</u>
Cash Receipts:	
Transfer from General	\$ 1,841
Expenditures:	
Capital outlay	<u>3,205</u>
Receipts Over (Under) Expenditures	(1,364)
Unencumbered Cash, Beginning	<u>29,492</u>
Unencumbered Cash, Ending	<u><u>\$ 28,128</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF BELLE PLAINE, KANSAS  
Capital Projects Fund  
Northview Heights 2nd Addition  
Statement of Cash Receipts and Expenditures - Actual  
Year Ended December 31, 2009

	<u>Actual</u>
Cash Receipts:	
Bond proceeds	\$ 230,000
Expenditures:	
Insurance	88
Temporary note	214,956
Construction costs	<u>7,518</u>
Total Expenditures	<u>222,562</u>
Receipts Over (Under) Expenditures	7,438
Unencumbered Cash, Beginning	<u>9,174</u>
Unencumbered Cash, Ending	<u><u>\$ 16,612</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF BELLE PLAINE, KANSAS  
Bond and Interest Fund  
Statement of Cash Receipts and Expenditures - Actual and Budget  
Year Ended December 31, 2009

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Cash Receipts:			
Taxes and Shared Revenue:			
Delinquent tax	\$ -	\$ 74	\$ 74
Transfer from Special Projects - Water	17,000	17,000	-
Total Cash Receipts	<u>17,000</u>	<u>17,074</u>	<u>74</u>
Expenditures:			
Principal	15,000	15,000	-
Interest	5,390	5,390	-
Total Expenditures	<u>20,390</u>	<u>20,390</u>	<u>-</u>
Receipts Over (Under) Expenditures	(3,390)	(3,316)	74
Unencumbered Cash, Beginning	<u>27,042</u>	<u>11,442</u>	<u>(15,600)</u>
Unencumbered Cash, Ending	<u>\$ 23,652</u>	<u>\$ 8,126</u>	<u>\$ (15,526)</u>

The notes to the financial statements are an integral part of this statement.



CITY OF BELLE PLAINE, KANSAS  
Sewer Utility Fund  
Statement of Cash Receipts and Expenditures - Actual and Budget  
Year Ended December 31, 2009

	Budget	Actual	Variance - Favorable (Unfavorable)
Cash Receipts:			
Sewer service charges and taps	\$ 285,000	\$ 272,113	\$ (12,887)
Transfer from Water Utility	-	40,000	
Transfer from Wastewater Replacement	8,415	-	(8,415)
Total Cash Receipts	293,415	312,113	(21,302)
Expenditures:			
Personnel services	40,000	17,321	22,679
Contractual services	32,035	11,129	20,906
Commodities	7,475	13,477	(6,002)
Capital outlay	7,500	2,650	4,850
Medical insurance	10,500	6,746	3,754
KPERS	6,500	2,432	4,068
KDHE loan principal	136,937	136,937	-
KDHE loan interest and commission	67,497	67,497	-
Total Expenditures	308,444	258,189	50,255
Receipts Over (Under) Expenditures	(15,029)	53,924	28,953
Unencumbered Cash, Beginning	45,513	35,392	(10,121)
Unencumbered Cash, Ending	\$ 30,484	\$ 89,316	\$ 18,832

The notes to the financial statements are an integral part of this statement.

CITY OF BELLE PLAINE, KANSAS  
Wastewater Replacement Fund  
Statement of Cash Receipts and Expenditures - Actual  
Year Ended December 31, 2009

	<u>Actual</u>
Unencumbered Cash, Beginning	<u>\$ 8,415</u>
Unencumbered Cash, Ending	<u><u>\$ 8,415</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF BELLE PLAINE, KANSAS  
 Refuse Utility Fund  
 Statement of Cash Receipts and Expenditures - Actual and Budget  
 Year Ended December 31, 2009

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
Cash Receipts:			
Refuse service charges	\$ 160,000	\$ 165,490	\$ 5,490
Expenditures:			
Personnel services	50,000	58,530	(8,530)
Contractual services	59,300	48,832	10,468
Commodities	20,000	8,208	11,792
Medical insurance	7,500	7,409	91
KPERS	7,800	7,804	(4)
Capital outlay	20,000	7,642	12,358
Total Expenditures	<u>164,600</u>	<u>138,425</u>	<u>26,175</u>
Receipts Over (Under) Expenditures	(4,600)	27,065	31,665
Unencumbered Cash, Beginning	<u>27,384</u>	<u>39,188</u>	<u>11,804</u>
Unencumbered Cash, Ending	<u>\$ 22,784</u>	<u>\$ 66,253</u>	<u>\$ 43,469</u>

The notes to the financial statements are an integral part of this statement.

CITY OF BELLE PLAINE, KANSAS  
Water Utility Fund  
Statement of Cash Receipts and Expenditures - Actual and Budget  
Year Ended December 31, 2009

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
Cash Receipts:			
Water service charges and other	\$ 175,000	\$ 169,574	\$ (5,426)
Transfer from Water Reserve	14,000	-	(14,000)
Total Cash Receipts	<u>189,000</u>	<u>169,574</u>	<u>(19,426)</u>
Expenditures:			
Personnel services	55,000	54,727	273
Contractual services	34,185	15,821	18,364
Commodities	27,650	29,335	(1,685)
Capital outlay	35,000	28,689	6,311
Medical insurance	13,000	10,546	2,454
KPERS	8,550	7,501	1,049
Sales tax	1,000	763	237
Transfer to Capital Improvement Reserve	-	40,000	(40,000)
Transfer to Equipment Reserve	-	30,000	(30,000)
Transfer to Sewer Utility	-	40,000	(40,000)
Transfer to General	70,000	-	70,000
Transfer to Employee Benefit	40,000	-	40,000
Total Expenditures	<u>284,385</u>	<u>257,382</u>	<u>27,003</u>
Receipts Over (Under) Expenditures	(95,385)	(87,808)	7,577
Unencumbered Cash, Beginning	<u>122,318</u>	<u>116,670</u>	<u>(5,648)</u>
Unencumbered Cash, Ending	<u>\$ 26,933</u>	<u>\$ 28,862</u>	<u>\$ 1,929</u>

The notes to the financial statements are an integral part of this statement.

CITY OF BELLE PLAINE, KANSAS  
Water Reserve Fund  
Statement of Cash Receipts and Expenditures - Actual  
Year Ended December 31, 2009

	<u>Actual</u>
Unencumbered Cash, Beginning	<u>\$ 14,000</u>
Unencumbered Cash, Ending	<u><u>\$ 14,000</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF BELLE PLAINE, KANSAS  
Special Projects - Water Fund  
Statement of Cash Receipts and Expenditures - Actual  
Year Ended December 31, 2009

	<u>Actual</u>
Cash Receipts:	
Charges	\$ 18,117
Expenditures:	
Transfer to Bond and Interest	<u>17,000</u>
Receipts Over (Under) Expenditures	1,117
Unencumbered Cash, Beginning	<u>24,191</u>
Unencumbered Cash, Ending	<u><u>\$ 25,308</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF BELLE PLAINE, KANSAS  
Designated Contributions Fund  
Statement of Cash Receipts and Expenditures - Actual  
Year Ended December 31, 2009

	<u>Actual</u>
Unencumbered Cash, Beginning	<u>\$ 928</u>
Unencumbered Cash, Ending	<u><u>\$ 928</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF BELLE PLAINE, KANSAS  
Fire Insurance Proceeds Fund  
Statement of Cash Receipts and Expenditures - Actual  
Year Ended December 31, 2009

	<u>Actual</u>
Expenditures:	
Fire insurance reimbursement	<u>\$ 27,707</u>
Receipts Over (Under) Expenditures	(27,707)
Unencumbered Cash, Beginning	<u>27,707</u>
Unencumbered Cash, Ending	<u><u>\$ -</u></u>

The notes to the financial statements are an integral part of this statement.



CITY OF BELLE PLAINE, KANSAS  
Customer Deposits Fund  
Statement of Cash Receipts and Expenditures - Actual  
Year Ended December 31, 2009

	<u>Actual</u>
Cash Receipts:	
Deposits	\$ 5,600
Expenditures:	
Deposits paid or applied	<u>5,675</u>
Receipts Over (Under) Expenditures	(75)
Unencumbered Cash, Beginning	<u>16,096</u>
Unencumbered Cash, Ending	<u><u>\$ 16,021</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF BELLE PLAINE, KANSAS  
Notes to Financial Statements  
December 31, 2009

1. Summary of Significant Accounting Policies

This summary of significant accounting policies of the City of Belle Plaine, Kansas (the City) is presented to assist in understanding the City's financial statements. The financial statements and notes are representations of the City's management, who is responsible for their integrity and objectivity. These accounting policies conform to a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Reporting Entity

The City of Belle Plaine is a municipal corporation governed by an elected mayor and council. These financial statements present the City of Belle Plaine (the primary government) but do not include its component unit, The Library Board. The component unit is not included in the City's report because of the insignificance of its financial relationship with the City.

Basis of Presentation

A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The following types of funds comprise the financial activities of the City of Belle Plaine, Kansas for the year 2009:

Governmental Funds:

General Fund – to account for all unrestricted resources except those required to be accounted for in another fund.

Special Revenue Funds – to account for the proceeds of specific revenue sources (other than special assessments or major capital projects) that are restricted by law or administrative action to expenditures for specified purposes.

Capital Projects Fund - to account for financial resources segregated for the acquisition of major capital facilities (other than those financed by Enterprise Funds).

Debt Service Fund – to account for the accumulation of resources for, and the payment of, interest and principal on general long-term debt.

CITY OF BELLE PLAINE, KANSAS  
Notes to Financial Statements  
December 31, 2009

1. Summary of Significant Accounting Policies (continued)

Proprietary Funds:

Enterprise Funds – to account for operations that are financed and operated in a manner similar to a private business enterprise, where the stated intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where periodic determination of revenues earned, expenses incurred, and/or net income is deemed appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Fiduciary Funds:

Trust Funds – to account for assets held by a governmental unit in a trustee capacity for others.

Basis of Accounting

The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances, but do not include depreciation of capital assets. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure is recorded in the fund from which the transfer is made.

Departure from Accounting Principles Generally Accepted in the United States of America

The basis of accounting described above results in a financial statement presentation, which shows cash receipts, cash disbursements, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories and prepaid expense, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year-end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles. Capital assets that account for the land, buildings, and equipment owned by the City are not presented in the financial statements. Also, general long-term debt such as general obligation bonds, temporary notes, capital leases and compensated absences are not presented as liabilities in the financial statements.

CITY OF BELLE PLAINE, KANSAS  
Notes to Financial Statements  
December 31, 2009

1. Summary of Significant Accounting Policies (continued)

Subsequent Events

The City adopted FASB ASC 855, *Subsequent Events*, effective for financial periods ending after June 15, 2009. The objective of FASB ASC 855 is to establish general standards of accounting for and disclosure of events that occur after the balance sheet date but before the financial statements are issued or available to be issued. Subsequent events have been evaluated through October 13, 2010, which is the date the financial statements were available to be issued. Events requiring disclosure were identified and disclosed.

2. Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds and enterprise funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1<sup>st</sup>.
2. Publication in local newspaper on or before August 5<sup>th</sup> of the proposed budget and notice of public hearing on the budget.
3. Public hearing on or before August 15<sup>th</sup>, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25<sup>th</sup>.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments for this year.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each budgeted fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the modified accrual basis of accounting modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

CITY OF BELLE PLAINE, KANSAS  
Notes to Financial Statements  
December 31, 2009

2. Budgetary Information (continued)

A legal external operating budget is not required for capital project funds, trust funds and certain special revenue funds. Spending in funds which are not subject to the external annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

3. Deposits

At year-end the carrying amount of the City's deposits was \$896,801. The bank statement balances were \$906,714. The difference between the carrying amount and the bank balance is outstanding checks and deposits in transit. Of the bank balance, \$250,000 was covered by FDIC insurance and the remaining \$656,714 was collateralized by pledged securities held under joint custody receipts issued by a third-party bank in the City's name. The third-party bank holding the pledged securities is independent of the pledging bank. The pledged securities are held under a tri-party custodial agreement signed by all three parties: the City, the pledging bank, and the independent third-party bank holding the pledged securities.

4. Interfund Transfers

Operating transfers were as follows:

<u>From</u>	<u>To</u>	<u>Amount</u>
General Fund	Capital Improvement Reserve Fund	\$53,000
General Fund	EMS Reserve Fund	1,841
Special Projects - Water Fund	Bond and Interest Fund	17,000
Water Utility Fund	Sewer Utility Fund	40,000
Water Utility Fund	Capital Improvement Reserve Fund	40,000
Water Utility Fund	Equipment Reserve Fund	30,000

5. Compliance with Kansas Statutes

Management is not aware of any statutory violations for the period.

6. Defined Benefit Pension Plan

*Plan Description.* The City of Belle Plaine contributes to the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, *et seq.* KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas, Suite 100; Topeka, KS 66603) or by calling 1-888-275-5737.

CITY OF BELLE PLAINE, KANSAS

Notes to Financial Statements

December 31, 2009

6. Defined Benefit Pension Plan (continued)

*Funding Policy.* K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% of covered salary. The employer collects and remits member-employee contributions according to the provisions of section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rate be determined annually based on the results of an annual actuarial valuation. KPERS is funded on an actuarial reserve bases. State law sets a limitation on annual increases in the contribution rates for KPERS employers. The employer rate established by statutes for 1/01/09 to 12/31/09 is 5.54%. The City of Belle Plaine employer contributions to KPERS for the years ending December 31, 2009, 2008 and 2007 were \$17,545, \$16,674 and \$16,328, respectively, equal to the required contributions for each year.

7. Compensated Absences

The City's policy regarding vacation and sick leave was revised to a paid time off policy in June 2009. The current policy requires all converted vacation and sick leave to paid time off be used prior to December 1, 2010. The employees will then only be able to carry over one week or request a buyout of that week and lose the rest of the accumulated paid time off. They will earn paid time off each year based on years of service to the city. This resulted in a much higher liability at December 31, 2009 and will only be for one year. The policy revisions will result in a lower liability at December 31, 2010. The estimated liability at December 31, 2009 if all employees with accumulated paid time off were to terminate employment would be \$30,280.

8. Risk Management

The City manages risk primarily through the purchase of insurance coverage from commercial insurers.

9. Capital Projects

Capital projects authorizations with approved change orders compared with expenditures from inception are as follows:

	Expenditures <u>To Date</u>	Project <u>Authorization</u>
Northview Heights 2 <sup>nd</sup> Addition	\$200,977	\$201,000

10. Long-term Debt

Changes in long-term debt for year ended December 31, 2009 along with associated future maturities are as follows:

CITY OF BELLE PLAINE, KANSAS  
Notes to Financial Statements  
Year Ended December 31, 2009

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Net Change	Balance End of Year	Interest Paid
General Obligation Bonds:										
Series 2005 - Refunding	3.81%	3/1/2005	225,000	12/1/2016	\$ 140,000	\$ -	\$ 15,000	\$ -	\$ 125,000	\$ 5,390
Series 2009	1.75% - 5.5%	2/20/2009	230,000	3/1/2029	-	230,000	-	-	230,000	-
Total General Obligation Bonds					140,000	230,000	15,000	-	355,000	5,390
Temporary Notes:										
Series 2006	4.90%	6/15/2006	190,000	7/1/2009	190,000	-	190,000	-	-	24,956
Revolving Loan Program:										
KDHE Construction Loan	3.44%	1999-2002	3,111,220	3/1/2021	1,996,081	-	136,937	-	1,859,144	67,497
Capital Leases:										
Police Station	5.00%	4/1/2005	100,000	4/1/2015	74,944	-	9,211	-	65,733	3,739
2007 Dodge Police Car	6.25%	8/27/2007	23,628	8/27/2012	19,459	-	4,433	-	15,026	1,215
2005 Cat 420D Backhoe	3.50%	12/12/2008	54,500	12/12/2010	54,500	-	26,781	-	27,719	1,907
2009 Dodge Police Car	4.00%	3/6/2009	24,866	12/12/2013	-	24,866	4,771	-	20,095	766
Office Copier	0.00%	4/1/2009	7,581	3/31/2014	-	7,581	1,137	-	6,444	-
EMS Copier	0.00%	1/1/2009	872	12/31/2011	-	872	291	-	581	-
Total Capital Leases					148,903	33,319	46,624	-	135,598	7,627
Total Contractual Indebtedness					2,474,984	263,319	388,561	-	2,349,742	105,470
Compensated Absences	N/A	N/A	N/A	N/A	8,480	-	-	21,800	30,280	-
Total Long-term Debt					\$ 2,483,464	\$ 263,319	\$ 388,561	\$ 21,800	\$ 2,380,022	\$ 105,470

Schedule of Maturities of Contractual Indebtedness

	2010	2011	2012	2013	2014	2015-2019	2020-2024	2025-2029	Total
Principal									
General obligation bonds	\$ 27,000	\$ 27,000	\$ 23,000	\$ 28,000	\$ 23,000	\$ 84,000	\$ 63,000	\$ 80,000	\$ 355,000
Revolving loan program	141,688	146,604	151,691	156,954	162,399	900,529	199,279	-	1,859,144
Capital leases	48,630	21,878	22,600	18,030	12,126	12,334	-	-	135,598
Total Principal	\$ 217,318	\$ 195,482	\$ 197,291	\$ 202,984	\$ 197,525	\$ 996,863	\$ 262,279	\$ 80,000	\$ 2,349,742
Interest									
General obligation bonds	\$ 19,992	\$ 13,901	\$ 13,010	\$ 12,237	\$ 11,215	\$ 43,250	\$ 29,188	\$ 11,318	\$ 154,111
Revolving loan program	62,746	57,831	52,744	47,481	42,035	121,644	5,156	-	389,637
Capital leases	6,000	4,063	3,051	1,973	1,204	616	-	-	16,907
Total Interest	\$ 88,738	\$ 75,795	\$ 68,805	\$ 61,691	\$ 54,454	\$ 165,510	\$ 34,344	\$ 11,318	\$ 560,655